

Message Text

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PAGE 01 STATE 084110

63

ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR PRIORITY

INFO USMISSION GENEVA

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GENEVA FOR PHELAN

E.O. 11652: N/A

TAGS: ETRD, ES

SUBJECT: BILATERAL TEXTILE AGREEMENT.

REFS: A. SAN SALVADOR 800 B. AMB. CAMPBELL -
MINISTER SMITH CONVERSATION, WASHINGTON, D.C.

1. AS EMBASSY IS AWARE USG HAS, IN CASE OF OTHER
COUNTRIES, BROUGHT EXISTING BILATERAL TEXTILE AGREEMENTS
INTO CONFORMITY WITH PROVISIONS OF MFA DURING BILATERAL
NEGOTIATIONS CONCERNING CURRENT TEXTILE TRADE PROBLEMS.
SUCH NEGOTIATIONS WITH GOES, ALTHOUGH REPEATEDLY JOINED,
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PAGE 02 STATE 084110

WERE NEVER CONSUMATED, AND IT SEEMS LIKELY THAT

RESOLUTION OF LARGER PROBLEMS OF US-EL SALVADOR TEXTILE
TRADE WILL NOT BE SOON REACHED. QUESTIONS INVOLVING
THESE "LARGER PROBLEMS", RAISED REF A AND B, WILL BE
DISCUSSED SEPTTEL.

2. REQUEST EMBASSY GIVE NOTE (TEXT OF WHICH IS GIVEN
BELOW) TO GOES EXPLAINING THAT IT PROPOSES AMENDMENT OF
CURRENT BILATERAL TO BRING IT INTO CONFORMITY WITH MORE
LIBERAL PROVISIONS OF MFA. EMBASSY SHOULD ALSO ADVISE
GOES THAT US CUSTOMS IS BEING AUTHORIZED NOW, WITHOUT
AWAITING EXCHANGE OF NOTES, TO PERMIT HIGHER LEVELS OF
TEXTILE IMPORTS FROM EL SALVADOR REFLECTING FIFTH
AGREEMENT YEAR LEVELS AS PROVIDED FOR BY THE AMENDMENT.
FIFTH YEAR LEVELS WILL, THUS, BE AS FOLLOWS:

CATEGORY	TWELVE-MONTH LEVELS OF RESTRAINT
1/2/3/4/	435,966 POUNDS
9	1,769,513 SQUARE YARDS
15	1,179,675 SQUARE YARDS
31	1,694,935 NUMBERS

3. TEXT OF NOTE IS AS FOLLOWS: QUOTE

EXCELLENCY:

I HAVE THE HONOR TO REFER TO THE ARRANGEMENT
REGARDING INTERNATIONAL TRADE IN TEXTILES DONE AT
GENEVA ON DECEMBER 20, 1973, HEREINAFTER REFERRED TO
AS THE ARRANGEMENT. IN ORDER TO BRING THE AGREEMENT
BETWEEN OUR TWO COUNTRIES OF APRIL 19, 1972, ON TRADE
IN COTTON TEXTILES, HEREINAFTER REFERRED TO AS THE
AGREEMENT, INTO CONFORMITY WITH THE PROVISIONS OF THE
ARRANGEMENT, I HAVE THE HONOR TO PROPOSE THAT THE
AGREEMENT BE FURTHER AMENDED AS FOLLOWS:

-- 1. PARAGRAPH 4 OF THE AGREEMENT SHALL BE
-- AMENDED TO READ AS FOLLOWS:

-- "4. WITHIN THE AGGREGATE LIMIT, EACH
-- SPECIFIC LIMIT MAY BE EXCEEDED BY NOT MORE THAN
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PAGE 03 STATE 084110

-- SEVEN PERCENT."

-- 2. PARAGRAPH 7 OF THE AGREEMENT SHALL BE
-- AMENDED TO READ AS FOLLOWS:

-- "7. IN THE FIFTH AND SUCCEEDING AGREEMENT
-- YEAR, THE LEVEL OF EXPORTS PERMITTED UNDER EACH
-- LIMITATION IN THIS AGREEMENT SHALL BE INCREASED

-- BY 7 PERCENT OF THE CORRESPONDING LEVEL FOR THE
-- PRECEDING AGREEMENT YEAR, THE LATTER LEVEL NOT TO
-- INCLUDE ANY ADJUSTMENT UNDER PARAGRAPH 4 OR 8."

-- 3. PARAGRAPH 8 OF THE AGREEMENT SHALL
-- BE AMENDED AS FOLLOWS:

-- "8. (A) IN ANY AGREEMENT YEAR, EXPORTS MAY
-- EXCEED BY A MAXIMUM OF 11 PERCENT THE AGGREGATE
-- LIMIT BY ALLOCATING TO THE LIMIT FOR THAT YEAR AN
-- UNUSED PORTION OF THE AGGREGATE LIMIT FOR THE
-- PREVIOUS YEAR (CARRYOVER) OR A PORTION OF THE
-- AGGREGATE LIMIT FOR THE SUCCEEDING AGREEMENT YEAR
-- (CARRY FORWARD).

-- (I) CARRYOVER MAY BE UTILIZED AS AVAILABLE
-- UP TO 11 PERCENT OF THE RECEIVING YEAR'S AGGREGATE
-- LIMIT, BUT FOR THE FIRST AGREEMENT YEAR ONLY
-- SHALL BE LIMITED TO 5 PERCENT.

-- (II) CARRY FORWARD MAY BE UTILIZED UP TO
-- 6 PERCENT OF THE RECEIVING YEAR'S AGGREGATE
-- LIMIT AND CHARGED AGAINST THE NEXT YEAR'S
-- AGGREGATE LIMIT.

-- (III) THE COMBINATION OF CARRYOVER AND
-- CARRY FORWARD MAY NOT EXCEED 11 PERCENT OF THE
-- RECEIVING YEAR'S AGGREGATE LIMIT IN ANY AGREEMENT
-- YEAR.

-- (B) FOR PURPOSES OF THIS AGREEMENT A
-- SHORTFALL OCCURS WHEN EXPORTS FROM EL SALVADOR TO
-- THE UNITED STATES OF AMERICA DURING AN AGREEMENT
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PAGE 04 STATE 084110

-- YEAR ARE BELOW THE AGGREGATE LIMIT IN THIS
-- AGREEMENT. THE CARRYOVER SHALL NOT EXCEED THE
-- AMOUNT OF SUCH SHORTFALLS.

-- (C) CARRYOVER AND CARRY FORWARD SHALL NOT
-- BE USED TO EXCEED ANY CATEGORY CONSULTATION LEVEL
-- EXCEPT IN ACCORDANCE WITH THE CONSULTATION
-- PROCEDURES OF PARAGRAPH 3 (C), HEREOF.

-- (D) THE LIMITS REFERRED TO IN SUBPARAGRAPH
-- (A) AND (B) OF THIS PARAGRAPH ARE WITHOUT ANY
-- ADJUSTMENTS HEREUNDER, EXCEPT THAT CARRYOVER AND
-- CARRY FORWARD SHALL BE IN ADDITION TO THE
-- GROWTH PERMITTED UNDER PARAGRAPH 7, HEREOF."

-- 4. PARAGRAPH 11 OF THE AGREEMENT SHALL BE
-- AMENDED AS FOLLOWS:

-- "11. IN IMPLEMENTING THIS AGREEMENT, THE
-- SYSTEM OF CATEGORIES AND THE RATE OF CONVERSION
-- INTO SQUARE YARDS EQUIVALENT LISTED IN THE
-- ANNEX HERETO SHALL APPLY. IN ANY SITUATION
-- WHERE THE DETERMINATION OF AN ARTICLE TO BE A
-- COTTON TEXTILE WOULD BE AFFECTED BY WHETHER THE
-- CHIEF WEIGHT OR CHIEF VALUE CRITERION PROVIDED
-- FOR IN ARTICLE 12 OF THE ARRANGEMENT APPLIES,
-- THE CHIEF VALUE CRITERION USED BY THE GOVERNMENT
-- OF THE UNITED STATES OF AMERICA SHALL APPLY."

-- 5. PARAGRAPH 15 OF THE AGREEMENT SHALL BE
-- AMENDED AS FOLLOWS:

-- "15. DURING THE TERM OF THIS AGREEMENT,
-- THE GOVERNMENT OF THE UNITED STATES OF AMERICA
-- WILL NOT APPLY THE PROVISIONS OF ARTICLE 3 OF
-- THE ARRANGEMENT TO ANY COTTON TEXTILE APPAREL
-- PRODUCTS COVERED BY THIS AGREEMENT."

-- 6. PARAGRAPH 18 SHALL BE ADDED TO THE
-- AGREEMENT AND SHALL READ AS FOLLOWS:

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PAGE 05 STATE 084110

-- "18. IN ACCORDANCE WITH ARTICLE 12,
-- PARAGRAPH 3, OF THE ARRANGEMENT AND SUBJECT
-- TO THE ESTABLISHMENT OF A MUTUALLY AGREED UPON
-- LIST AND CERTIFICATION SYSTEM, SALVADORAN
-- EXPORTS TO THE UNITED STATES OF AMERICA OF
-- HANDLOOM FABRICS OF THE COTTAGE INDUSTRY, OR
-- HANDMADE COTTAGE INDUSTRY PRODUCTS OF SUCH
-- HANDLOOM FABRICS, OR TRADITIONAL FOLKLORE
-- HANDICRAFT TEXTILE PRODUCTS SHALL NOT BE SUBJECT
-- TO THE PROVISIONS OF THIS AGREEMENT.

IF THE FOREGOING PROPOSAL IS ACCEPTABLE TO THE
GOVERNMENT OF EL SALVADOR, THIS NOTE AND YOUR EXCELLENCY'S
NOTE OF CONFIRMATION SHALL CONSTITUTE AN AMENDMENT OF
THE AFOREMENTIONED AGREEMENT. END QUOTE. KISSINGER

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